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January 22, 2020

The Honorable Robert D. Drain
United States Bankruptcy Judge
United States Bankruptcy Court
300 Quarropas Street
White Plains, New York 10601-4140

Re: In re 53 Stanhope LLC, Case no. 19-23013

Dear Honorable Sir:

The Debtors respectfully submit that the merits of the claims (“Claims”) of the claimants identified in Docket No. 79-1 (“Claimants”) should be heard with the claims against the similar situated defendants in *Schonberg, et al. v. Strulovitch, et al.*, Case No. 17 Civ. 2161 (CBA) (RML) (the “Federal Action”) in the United States District Court for the Eastern District of New York (“District Court”).

The narrative attached to the Claims is a condensed version of the claims made in the Federal Action complaints. Likewise, except of the Debtors’ argument for subordination which this Court will be hearing, the Debtors’ Claims objection is substantially drawn from the defendants’ arguments in pleadings filed in the Federal Action.

The reason there is “no operative complaint in the Federal Action” is that the Federal Action Plaintiffs moved to amend their complaint following dismissal instead of proceeding in another forum. Admittedly, that pending motion may be denied and the matter may need to be heard in some other forum.

Either way, To avoid duplicative litigation and conflicting rulings, the Debtors submit that the merits of the Claims should be heard with the Federal Action claims, whether or not such claims are ultimately heard in the District Court as the Federal Action plaintiffs seek, or elsewhere. Since the Federal Action Claims are presently being prosecuted in the District Court, the Debtors would consent to stay relief so the Claimants and the Debtors not named in the Federal Action can be added.

The Bankruptcy Court only has jurisdiction to hear the Claimants’ Claims against the Debtors. But the District Court has jurisdiction to hear both those Claims and the Federal Action claims against non-Debtor defendants. In the present procedural posture therefore, the District

Court should hear the Claims since it is the only forum that can decide the Claims without duplicative litigation and potentially conflicting results.

Respectfully Submitted,

s/Mark Frankel

Mark Frankel

cc: Serene Nakano (By Email)
Ezi Soloveichik (By Email)